

FY3/19

Financial Results Materials for Institutional Investors

COMTURE CORPORATION

*Transforming needs
into solutions*



May, 2019

Koichi Mukai
Chairman & CEO
Founder-Owner

FY ending March 2019

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Outline of Financial Results



1-1 Financial Highlights (Announced on May 8th)

Achieved 9 consecutive years of sales growth and 8 consecutive years of earnings growth , hitting a fiscal year end record high

	FY2018 Mar. Results		FY2019 Mar. Results		Year-on-year rate
	Amount	Rate	Amount	Rate	
Net Sales	16,383 million yen	-	18,070 million yen	-	+10.3%
Operating Income	1,968 million yen	12.0%	2,570 million yen	14.2%	+30.6%
Ordinary Income	2,010 million yen	12.3%	2,575 million yen	14.3%	+28.1%
Profit attributable to owners of parent	1,395 million yen	8.5%	1,807 million yen	10.0%	+29.6%
Net income per share	95.69 yen	-	122.49 yen	-	+28.0%

1-2 FY2019 Contributing Factors

Net Sales

YOY **+10.3%, increase in sales**

- + Cloud computing business YOY +15.8%, 830 million yen increase (6,090 million yen)
- + Digital solution business YOY +16.9%, 240 million yen increase (1,680 million yen)
- + ERP(SAP) business YOY +18.0%, +200 million yen increase (1,290 million yen)
- Decrease 170 million yen due to the transfer of consolidated subsidiaries

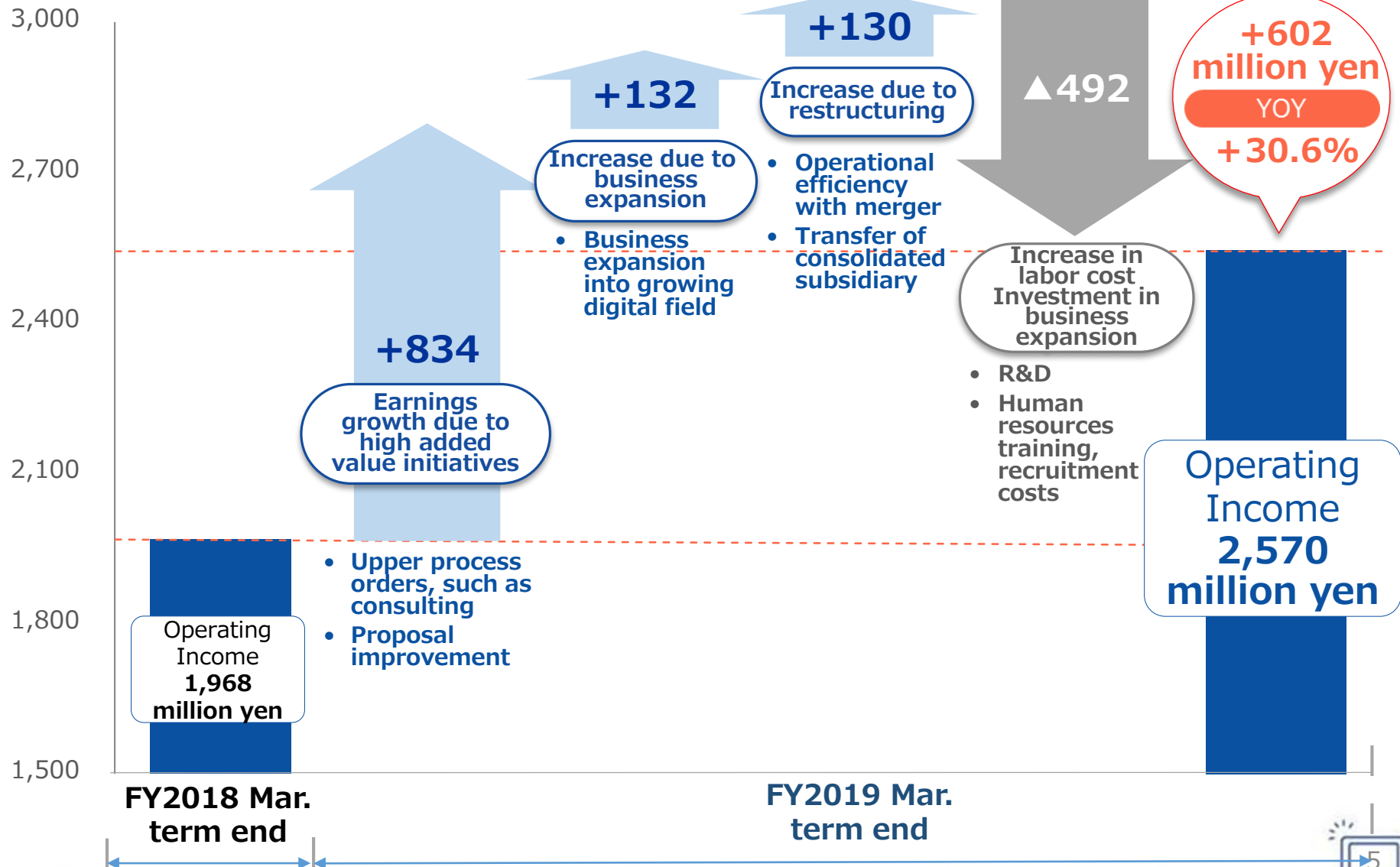
Operating Income

YOY **+30.6% earnings**

- + Adoption of a high added value strategy contributed to higher sales per employee and increased earnings(6.3%)
- + Increased profits through Digital transformation (DX) business expansion
- + Improve efficiency of operations through merger , Reduction of SG & A expenses due to the transfer of consolidated subsidiaries
- Increased labor cost per employee and investment on expanding and strengthening business

1-3 Reasons for Fluctuations in Operating Income

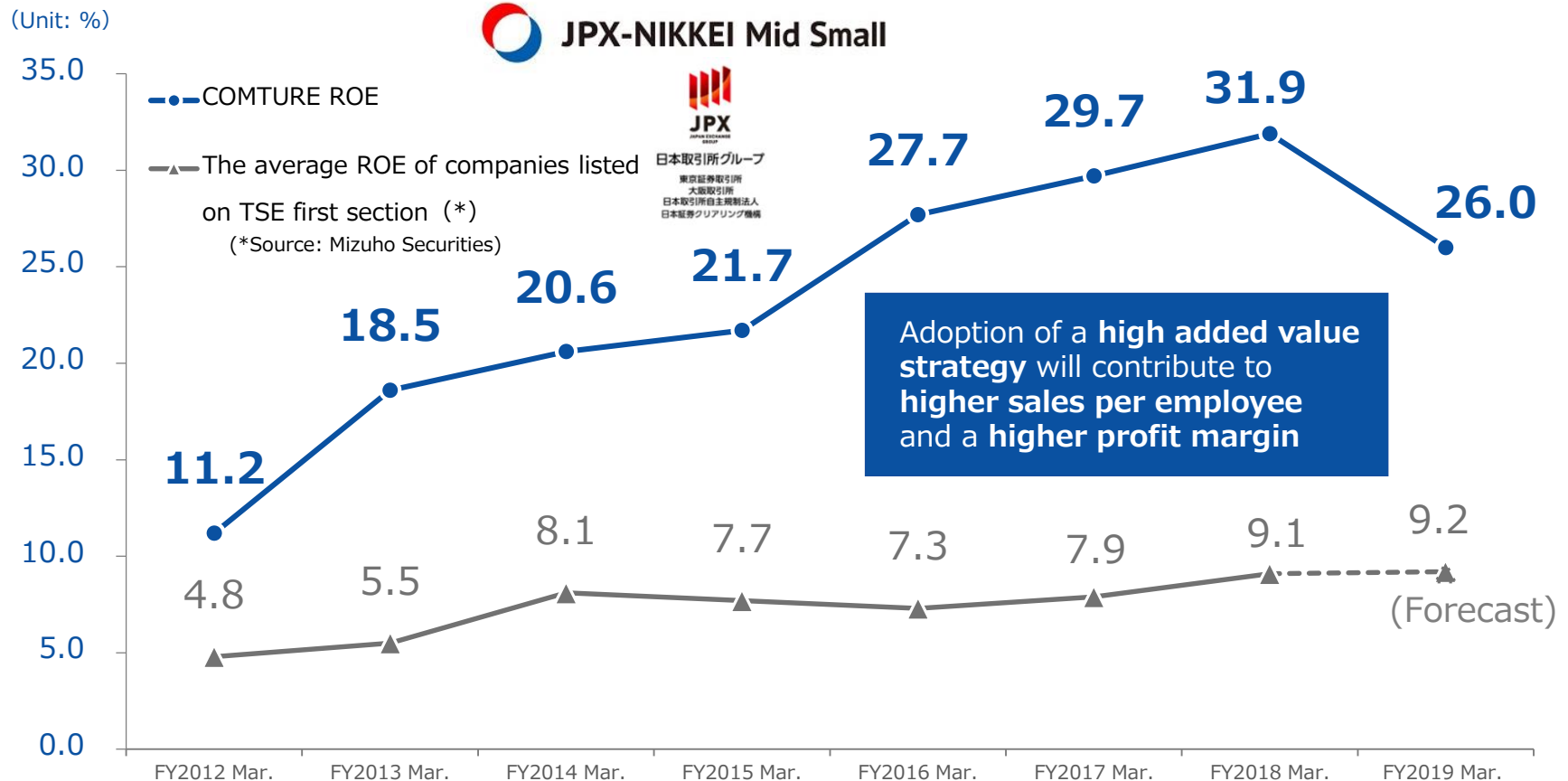
(Unit: million yen)



1-4 High Levels of ROE (net income / shareholders' equity)

We aim to retain a standard level of **Over 20%**

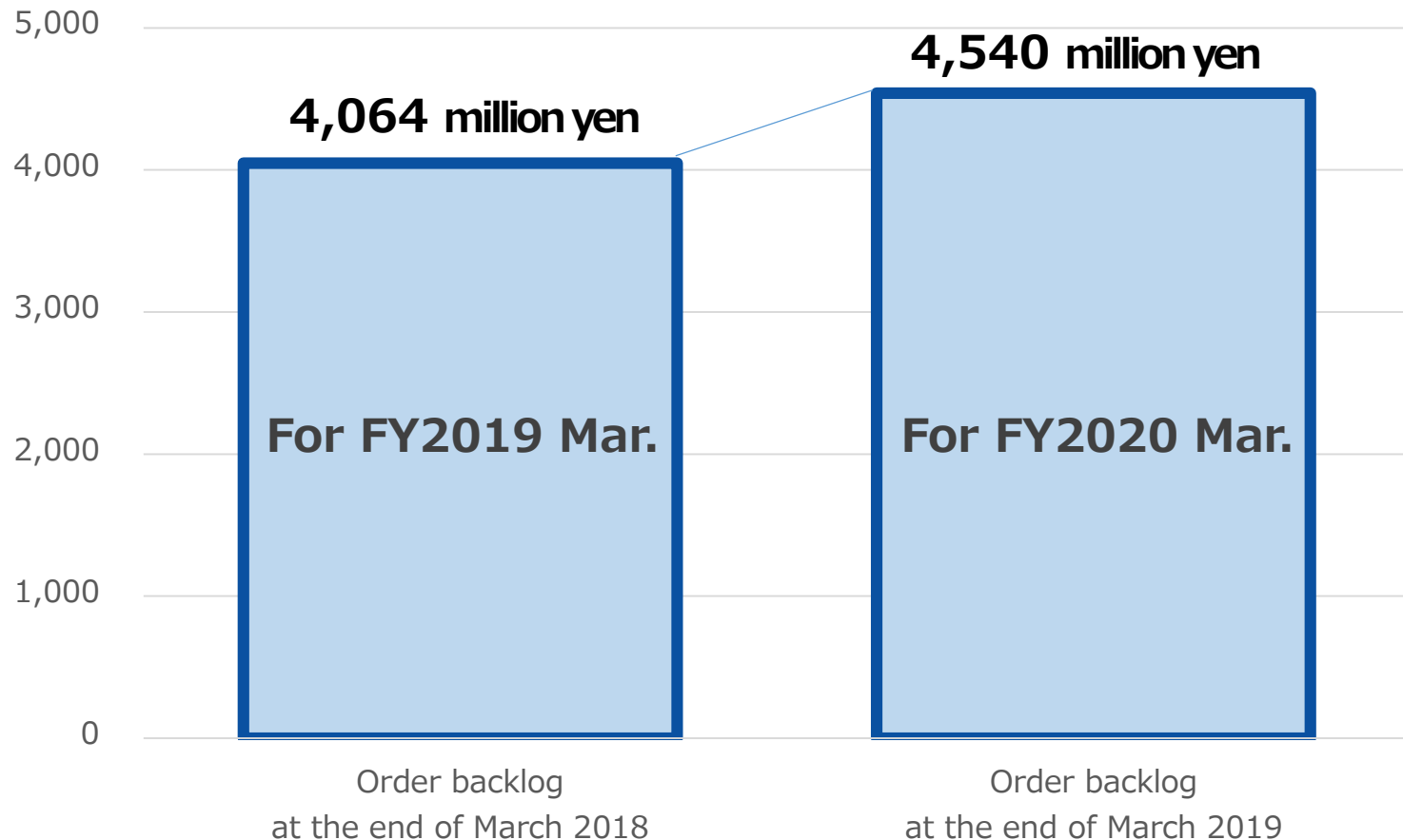
ROE remains extremely high compared to the average of companies listed on TSE first section



1-5 Order backlog

For this term Sales : YOY +11.7%

(Unit: million yen)

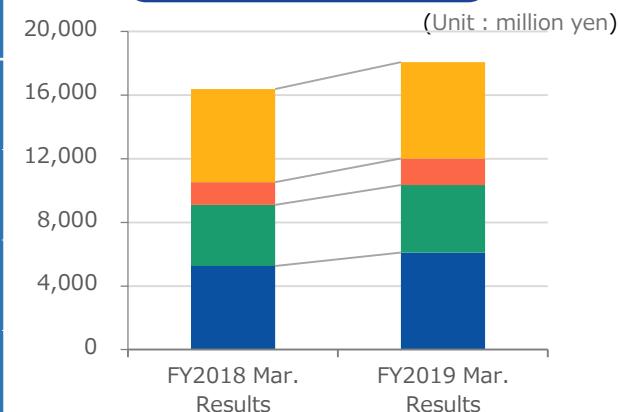


1-6 Business Segment Performance

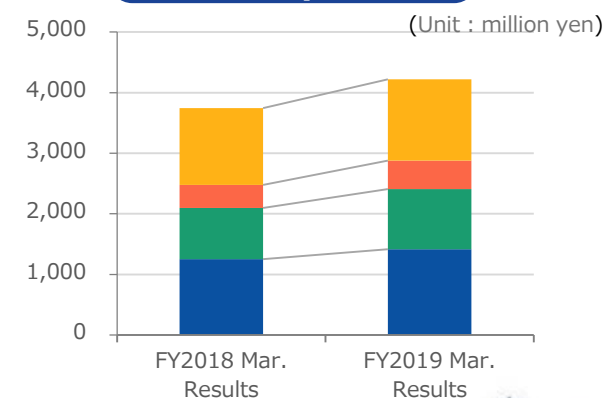
	FY2018 Mar. Results million-yen	FY2019 Mar. Results million-yen	Year-on-year rate
Net sales	16,383	18,070	+10.3%
Cloud Solutions Business	5,264	6,094	+15.8%
Digital Solutions Business	1,439	1,682	+16.9%
Enterprise Solutions Business	3,833	4,244	+10.7%
Platform, Operation Services Business	5,847	6,050	+3.5%
Gross profit	3,746	4,219	+12.6%
Cloud Solutions Business	1,250	1,415	+13.2%
Digital Solutions Business	379	470	+23.9%
Enterprise Solutions Business	848	994	+17.2%
Platform, Operation Services Business	1,269	1,341	+5.7%

- Cloud Solution Business
- Digital Solution Business
- Enterprise Solution Business
- Platform, Operation Services Business

Net sales



Gross profit



FY ending March 2020

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Earnings Forecast

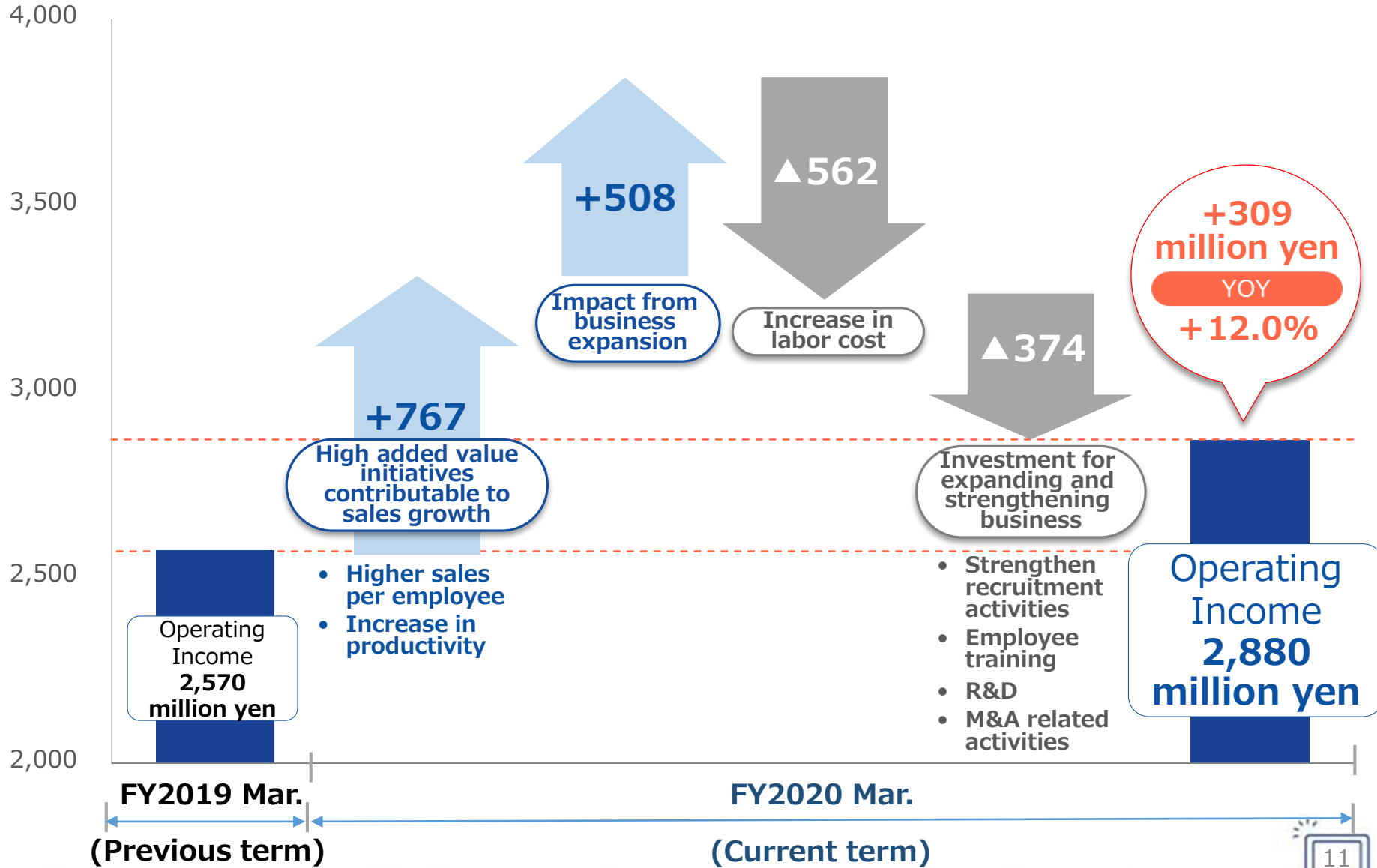
2-1 Earnings Forecast for fiscal year ending March 2020

**Aiming for 10 consecutive years of sales growth
and 9 consecutive years of earnings growth,
reaching new record highs**

	FY2019 Mar. Results		FY2020 Mar. Forecast		Year-on- year rate
	Amount	Rate	Amount	Rate	
Net Sales	18,070 million yen	-	20,000 million yen	-	+10.7%
Operating Income	2,570 million yen	14.2%	2,880 million yen	14.4%	+12.0%
Ordinary Income	2,575 million yen	14.3%	2,874 million yen	14.4%	+11.6%
Profit attributable to owners of parent	1,807 million yen	10.0%	2,021 million yen	10.1%	+11.8%
Net income per share	122.49 yen	-	129.35 yen	-	+5.6%

2-2 Fluctuation on Operating Income forecasted for the full year

(Unit: million yen)



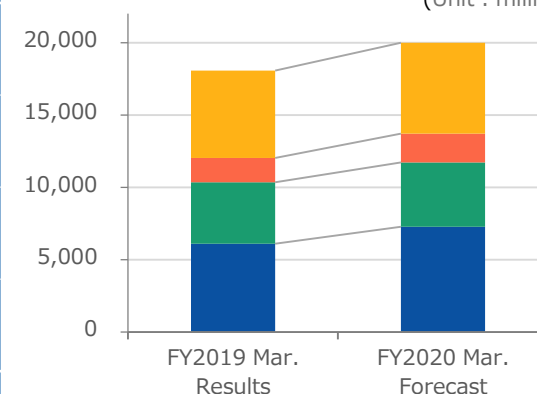
2-3 Business Segment Forecast

	FY2019 Mar. Results million-yen	2020 Mar. Forecast million-yen	Year-on-year rate
Net sales	18,070	20,000	+10.7%
Cloud Solutions Business	6,094	7,269	+19.3%
Digital Solutions Business	1,682	1,985	+18.0%
Enterprise Solutions Business	4,244	4,446	+4.8%
Platform, Operation Services Business	6,050	6,300	+4.1%
Gross profit	4,219	4,711	+11.7%
Cloud Solutions Business	1,415	1,665	+17.7%
Digital Solutions Business	470	562	+19.6%
Enterprise Solutions Business	994	1,095	+10.1%
Platform, Operation Services Business	1,341	1,389	+3.6%

- Cloud Solution Business
- Digital Solution Business
- Enterprise Solution Business
- Platform, Operation Services Business

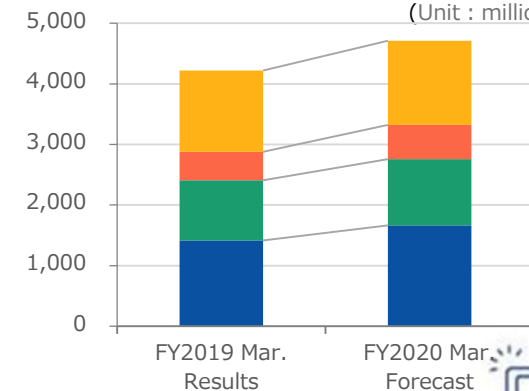
Net sales

(Unit : million yen)



Gross profit

(Unit : million yen)



3

Topics

3-1 Transfer of the Representative Director Position

Striving to rejuvenate the organization through a new management framework in pursuit of greater growth and stronger corporate value

Position Change	New Position Title: President and Representative Director , COO Previous Position Title: Senior Managing Director	
Transfer Date	April 1, 2019	
Brief Personal History	Apr. 1986	Joins IBM Japan, Ltd.
	Jan. 2004	Becomes Lotus project chief at IBM Japan
	Apr. 2009	Becomes director of NEC Corporation Central Research Laboratories
	Apr. 2013	Becomes director and general manager of the Business Innovation Strategies Division at NEC
	Apr. 2014	Becomes managing executive officer and general manager of the Business Innovation Strategies Division at COMTURE CORPORATION
	Apr. 2014	Becomes president and representative director of COMTURE MARKETING CORPORATION (current position)
	June 2014	Becomes managing director and general manager of the Business Innovation Strategies Division at COMTURE CORPORATION
	July 2017	Becomes managing director and business manager at COMTURE CORPORATION
	June 2018	Becomes senior managing director and business manager at COMTURE CORPORATION (current position)
Shares Owned	8,080	



Chihiro Sawada
October 14, 1961

3-2 Merged and Acquired UX-Systems Co., Ltd.

April 2019, UX-Systems Co., Ltd. became an 89.9%-owned consolidated subsidiary

Established	June 1990
Name and Title of Representative	Takashi Ichinose, President and Representative Director
Description of Business	Designing, building, and monitoring service of cloud infrastructure
Headquarters	Kichijoji, Musashino-shi, Tokyo
Capital	86.00 million yen
Net Sales	FY2018 Oct. : 630.28 million yen
Operating Income	FY2018 Oct. : 50.48 million yen
Net Income	FY2018 Oct. : 33.66 million yen
Employees	52 (as of April 1, 2019)
Acquisition Cost	171.00 million yen

3-3 Overview second issuance of MS warrants by third party allotment

Raising funds for investment in growth fields in pursuit of continued growth over the medium and long term

Purposes of Fund Raising and Intended Fund Usages	(1) M&A investment in growth fields such as cloud computing, big data and AI (2) Covering personnel-related expenses used to strengthen consulting services, project management operations and similar in growth fields such as cloud computing, big data and AI
No. of Shares to Be Issued through New Stock Issue	1,300,000 shares (The number of shares per stock acquisition right is 100 shares.) <ul style="list-style-type: none"> • Approximately 8.1% of the total number of issued shares • Treasury stock held by COMTURE CORPORATION shall be delivered
Target Fund Amount	4 billion yen expected
Exercise Period	January 16, 2019–January 14, 2022 (about 3 years)
Exercise Price and Exercise Price Adjustment Conditions	Minimum exercise price: ¥2,764 (closing price on immediately preceding trading day: ¥3,005) On any date from January 16, 2019 onward, prices shall be adjusted to 92% of the closing price of the Company's common stocks on the Tokyo Stock Exchange, Inc. on the immediately preceding trading day on which the notice of the exercise request is given.
Right to Choose where or not to Exercise Rights	Based on the purchase agreement concluded with Nomura Securities Co., Ltd., the allottee, COMTURE CORPORATION comprehensively took capital needs and other matters into account and chose to suspend the stock acquisition rights from March 12 to May 31, 2019.

3-4 External evaluation

Defined KPI/External evaluation of goal achievements

Tokyo Stock Exchange
Corporate Value
Improvement
Award candidate

50 companies

Approx.
3,600 companies

Tokyo Stock Exchange
JPX-Nikkei Mid
and Small Cap
Index

(3 consecutive years)

200 issues

Approx.
2,900 issues

Forbes Asia
**Best Under
A Billion**

(Excellent small listed
company in Asia-Pacific
region)

200 companies ※

Approx.
24,000 companies

※38 Japanese companies

Evaluation criteria :

- High added-value management **Over 5%** annual increase in sales per employee
- High profit company High ROE, High Operating profit rate
- High payout ratio

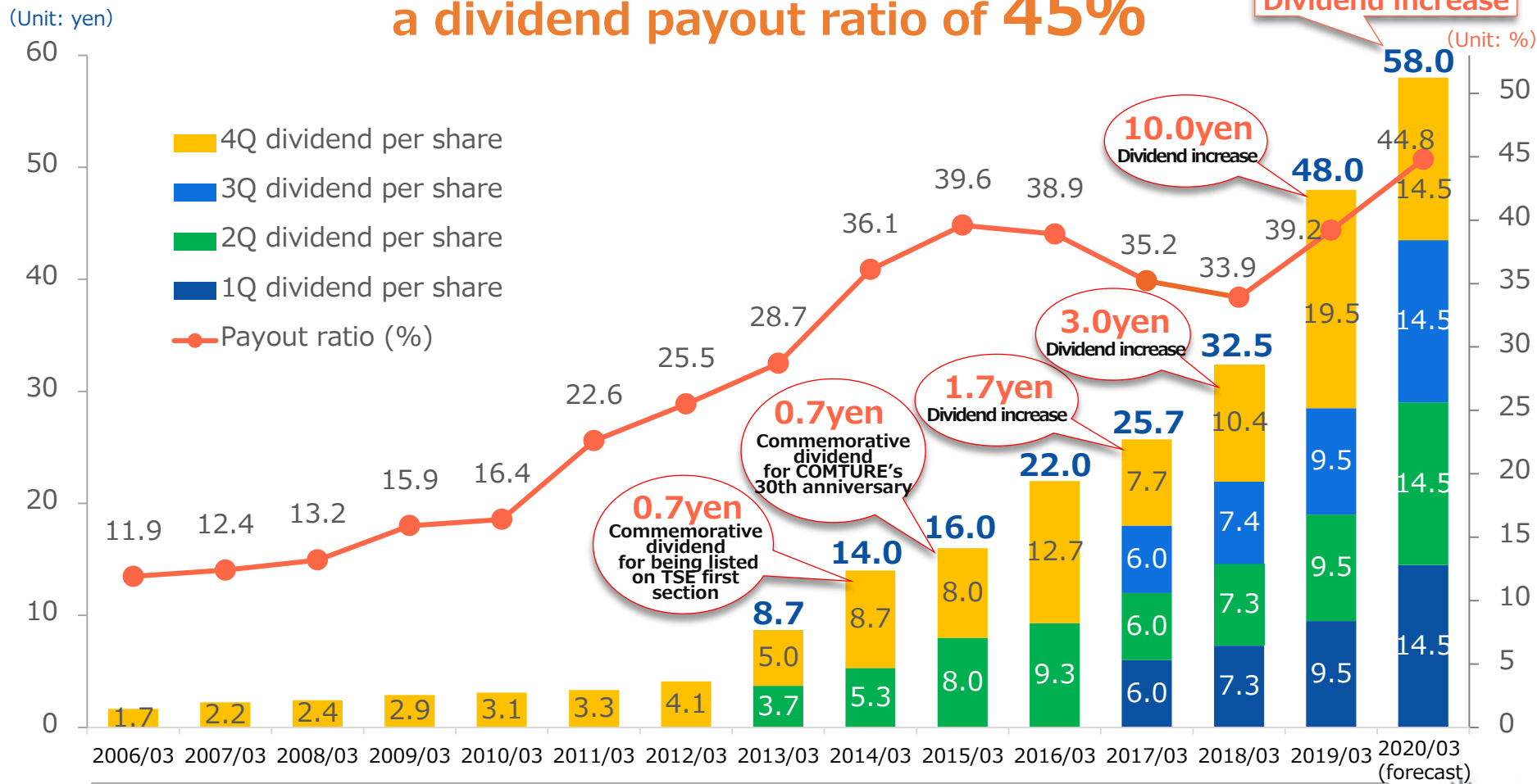
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Shareholder returns

4-1 Dividend

15th consecutive periods of increased dividend (forecast)

We will aim for
a dividend payout ratio of 45%



COMTURE conducted a 3-for-1 stock split effective on October 1, 2017. Dividend amounts before 2Q FY2018 are retroactively adjusted to reflect the stock split.

4-2 Quarterly dividend system

We adopt the quarterly dividend system

Due to stable quarterly performance driven by sound management, COMTURE will implement quarterly dividend payments.

Dividend payment schedule

	Dividend record date	Dividend payment date (planned)
1Q dividend per share	Jun. 30th, 2019	Aug. 30th, 2019
2Q dividend per share	Sep. 30th, 2019	Nov. 29th, 2019
3Q dividend per share	Dec. 31st, 2019	Feb. 28th, 2020
4Q dividend per share	Mar. 31st, 2020	The next business day following approval at the general shareholders' meeting

4-3 Returns to Shareholders Scheme

We adopt a shareholder special benefit plan as preferential treatment for shareholders

Twice a year, at the end of September and March, shareholders who own more than 300 shares will receive prepaid QUO cards worth 1,000 yen (2,000 yen annually).

- * Dividend of 17,400 yen + prepaid QUO cards worth 2,000 yen = 19,400 yen annually
- * Total payout ratio including special benefits are expected to be 50.0% for fiscal year ending March 2020 (for 300 shares)



Precautions about This Presentation

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- Comture exercised care regarding the accuracy of information in this presentation but does not guarantee that this information is complete.
- Comture assumes no responsibility whatsoever concerning any losses or damages resulting from the use of information in this presentation.
- Forecasts and other forward-looking statements in this presentation are based on the judgments of Comture using information that was available when this presentation was prepared and incorporate risks and uncertainties. As a result, actual performance may differ significantly from the forward-looking statements in this presentation due to changes in market conditions or many other reasons.

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